

2449-1039



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of) BEFORE THE BOARD OF PATENT
) APPEALS AND INTERFERENCES
James P. LEISTENSNIDER et al.)
) Appeal No.:
Serial No. 09/373,786)
) Examiner: Frantzy Poinvil
Filed: August 13, 1999)
) Group Art Unit: 3628
For: METHOD AND SYSTEM FOR)
CREATING A PORTFOLIO) February 20, 2003
OF STOCK EQUITIES BASED)
ON MARKET CAPITALIZATION)

REPLY BRIEF

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

This is a reply under 37 CFR § 41.41 to the second Examiner's Answer mailed October 14, 2005.

The Examiner's Answer has failed to rebut any of Appellant's arguments in the appeal brief filed July 29, 2002; consequently, the Examiner's Answer has failed to establish the propriety of the various grounds of rejection, and those rejections should be reversed.

As explained previously in the Appeal Brief, the Examiner has confused the S&P Compustat Database of stocks with the S&P 500 index. The Examiner's Answer perpetuates this confusion. See page 8, where the Answer refers to "S&P Compustat/S&P 500" as if the

Compustat Database and the S&P 500 index were a single entity; see also page 11, where the Answer erroneously equates the S&P Compustat Database with the S&P 500 stock index . The S&P 500 is an index of 500 selected stocks, while the Compustat Database is simply a database of active stocks. Because O'Shaughnessy unequivocally fails to disclose the use of the S&P 500 Index, O'Shaughnessy cannot anticipate any of the claims as a matter of law.

The Examiner's Answer further fails to rebut Appellants' argument that O'Shaughnessy fails to disclose the claimed steps of sorting an index list by market capitalization, selecting lowest market capitalization among a predetermined number of stocks in the sorted list as a predetermined cutoff value, and then sorting the list by sales and comparing each successive stock having the highest sales in the list with the predetermined value to determine acceptable stocks for inclusion in the portfolio. Instead, the Examiner's Answer simply repeats the citation to "col. 11, line 18-col. 12, line 67," and continues to allege that O'Shaughnessy therein "discloses this step." Specifically, the Answer states that "O'Shaughnessy discloses selecting stocks of companies with database records indicating 'market capitalization weighted indices, in creating a stock portfolio, is an old and well-established business practice and different indices can be used alternatively (see also col. 3, lines 26-27 of Bloom et al.) or simultaneously in an investment portfolio" (Answer at 9).

Applicants do not claim using market capitalization weighted indices (or other indices alternatively or simultaneously) in creating a stock portfolio. Applicants claim "sorting said index list by market capitalization and setting the lowest market capitalization among a predetermined number of stocks in said sorted index list as a predetermined value" – not

employing as a selection criteria market capitalization in excess of a desired amount. Applicants further claim “sorting said index list by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said sales-sorted list and having a market capitalization not less than said predetermined value” – not employing as additional selection criteria price-to-sales ratios lower than a desired amount or sales that are 1.5 times a database mean. O’Shaughnessy simply does not describe or suggest employing market capitalization data and sales data in precisely the same way as is claimed by applicants.

At page 9, the Examiner’s Answer alleges that O’Shaughnessy teaches the use of the Morningstar database and that the Morningstar database “includes both the broad based index (Standard & Poor’s 500 Index) and the narrower based stock index (Dow Jones Industrial Average.” To the contrary, the Morningstar database is a database of active stocks; it is not a stock index and does not “include” any stock indices. The Examiner has failed to produce or point to any evidence of record to support the assertion that Morningstar includes the S&P 500 and the DJIA.

The Examiner’s Answer states that the MPEP does not prohibit the Examiner from citing to the “Summary of the Invention” section of a patent in a rejection. While this statement may be true, it is not germane to Appellant’s argument. Rather, Appellant’s point is that where a prior art reference contains a detailed description of an embodiment of the invention, and a generalized summary of the invention that contains broad summary language intended to encapsulate the detailed description of the disclosure, it is improper to rely on the broad language of the summary of the invention in lieu of attempting to correlate the claim language with the actual detailed

explanation of the invention. In determining whether a prior art reference discloses a claimed invention, an analysis of the prior art must focus on what the prior art teaches to those skilled in the art, and not on the breadth of terminology used in the reference. See Kalman v. Kimberly-Clark Corp., 713 F.2d 760, 218 USPQ 781 (Fed. Cir. 1983).

Finally, the Examiner's Answer is in error in alleging that the features of the invention in Appellants' arguments are not recited in the claims. In particular, the use of a broad based stock index as a starting pool of potentially acceptable stocks is in fact what is recited in the first three steps of claim 1.

Conclusion

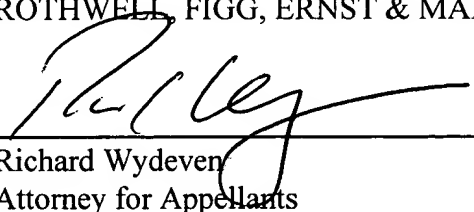
For the foregoing reasons and the reasons set forth in the main brief on appeal, the rejection of claims 1-9 is not well founded, and should be reversed. Reversal of all grounds of rejection and passage of this application to issue are earnestly requested.

Please charge any fee or credit any overpayment pursuant to 37 CFR 1.16 or 1.17 to Deposit Account No. 02-2135.

Respectfully submitted,

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By


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